

COVID-19: Essential Consumer Takeaways & Business Implications

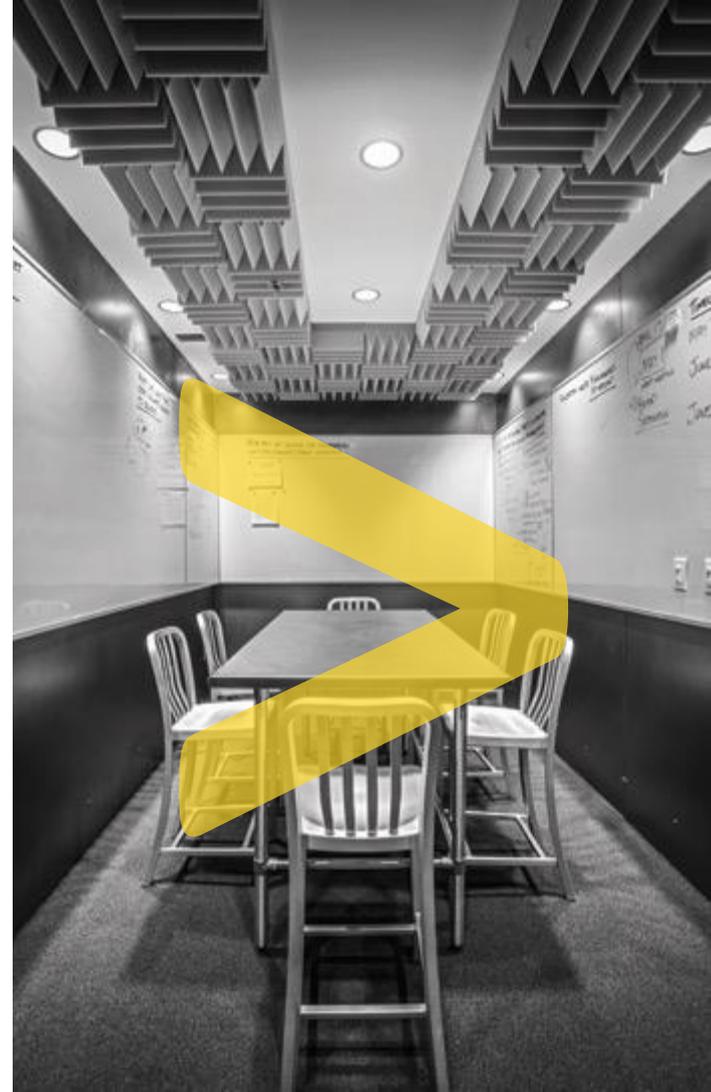
Week of April 27th, 2020



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About this deck:

- + Wide view of “real-time” consumer attitudes (globally and US specific) as the outbreak of Covid-19 unfolds.
- + Not all encompassing as knowledge is being shared and changing in rapid pace.
- + Sources to research can be found in Notes section.



In The News

Week of April 27, 2020

- + *Large, Troubled Companies Got Bailout Money in Small-Business Loan Program* – [The New York Times](#), 4/26/20
- + *Businesses reopen in some states, but conflicting messages stoke confusion* – [The New York Times](#), 4/27/20
- + *The C.D.C. expands its list of symptoms* – [CDC](#), 4/27/20
- + *CDC compiles new guidelines to help organizations reopen* – [CBS](#), 4/28/20
- + *More Coronavirus Vaccines and Treatments Move Toward Human Trials* – [The New York Times](#), 4/28/20
- + *Scientific model often cited by White House raises predicted U.S. COVID-19 death toll to 74,000* – [CBS](#), 4/28/20
- + *White House testing plan largely places responsibility on states* – [CNN](#), 4/28/20
- + *America's growth streak is over: The economy shrank 4.8 percent* – [The New York Times](#), 4/29/20
- + *The US lags behind many other countries when it comes to COVID-19 testing* – [CNN](#), 4/29/20
- + *Federal social-distancing guidelines are 'fading out'* – [The New York Times](#), 4/30/20
- + *All L.A. County residents can now get free coronavirus tests* – [Los Angeles Times](#), 4/29/20
- + *U.S. stocks have had their best month since 1987* – [The New York Times](#), 4/30/20
- + *More Than Half of U.S. States Move to Reopen Businesses* – [The New York Times](#), 5/1/20
- + *Protesters pour into Michigan Capitol calling for end of state of emergency* – [CNN](#), 5/1/20
- + *More than 30 million Americans have filed for unemployment* – [The New York Times](#), 5/1/20

Key Headlines

Week of April 27, 2020

- + With +63,000 deaths, the coronavirus has killed more Americans than the Vietnam War.
- + The virus is more widespread than current data suggests, as one in ten Americans think they may have been infected but not tested.
- + An additional 3.84 million unemployment claims filed last week, topping 30 Million in the past 6 weeks.
- + After weeks of shutdown because of the coronavirus pandemic, the nation has begun to slowly open. At least 12 states eased restrictions as of Friday, May 1.
- + Quarantine fatigue has reached, as more Americans are staying home less, pushing against social distancing orders.
- + Most Americans are more concerned with moving too quickly rather than too slowly. Eight in 10 are concerned of their risk of being exposed.
- + Significant partisan differences continue to emerge. Republicans are more likely to want business to reopen and show a greater likelihood to return to these activities than Democrats.
- + Regardless of desire to get out of lockdown, consumers are cautious about spending. Stimulus checks are not stimulating local economies as intended as nearly 40% have put it into savings.
- + Consumer are prioritizing their spending on experiences over possessions coming out of the crisis: travel/vacations and flights outrank clothing and cars in post-Covid first purchases.
- + Despite federal stimulus and local efforts, small business are struggling and will face serious long-term ramifications.
- + While consumers have the best intentions to support local, the conveniences and familiarity offered by chains/big-business drives behavior.
- + As the hope for broader testing, potential treatments, and vaccines comes into view, consumer confidence begins to grow and rally.

Insights & Implications

Week of April 27, 2020

- + Americans are cautiously eager for recovery and their motivations and behaviors are showing the tensions between pushing boundaries against stay-at-home orders and yet wanting to protect one another through social distancing. Most Americans are observing the debates about reopening and awaiting results of what that means for them.
- + Consumers are wrestling with prioritizing conveniences that large chains can provide, while also having intentions to support local/small business. The pandemic will likely accelerate a big-business takeover of the economy as many small business struggle with longer-term ramifications.
- + Despite fear of contracting the virus and personal economic challenges, consumers are prioritizing spending on travel/vacations over other categories coming out of Covid. This validates a pent-up demand for travel and optimism for the suffering industry.
- + Data security was a topic of great concern for Americans pre-Covid, and yet research shows that consumers are more willing to give personal data in the interest of fighting the pandemic.



COVID-19 by the numbers this week.

3,327,424

Cases Worldwide

234,713

Deaths Worldwide

1,052,630

Recovered Worldwide

210

Countries reporting cases

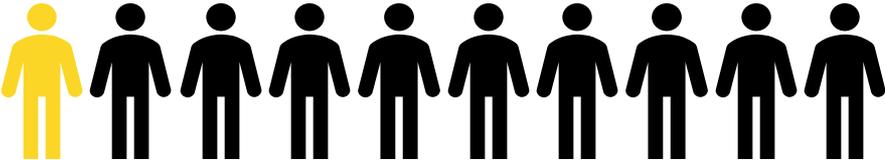
1,095,304

Cases in the United States

63,871

Deaths in the United States

Ten percent of people think they may have been infected with COVID-19, yet only 7% of them received a test to find out. That percentage is even higher in the New York City area.



1 in 10 Americans believe they may have had the virus in the last month

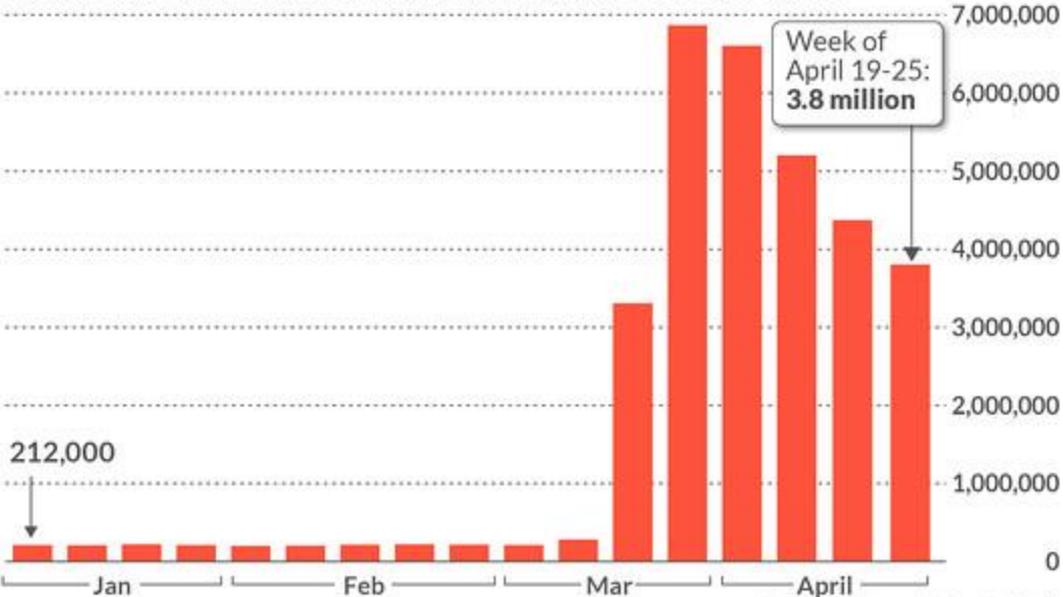
14.9%

Of New York state residents tested positive for coronavirus antibodies

An additional 3.84 million unemployment claims filed last week, topping 30 Million in the past 6 weeks.

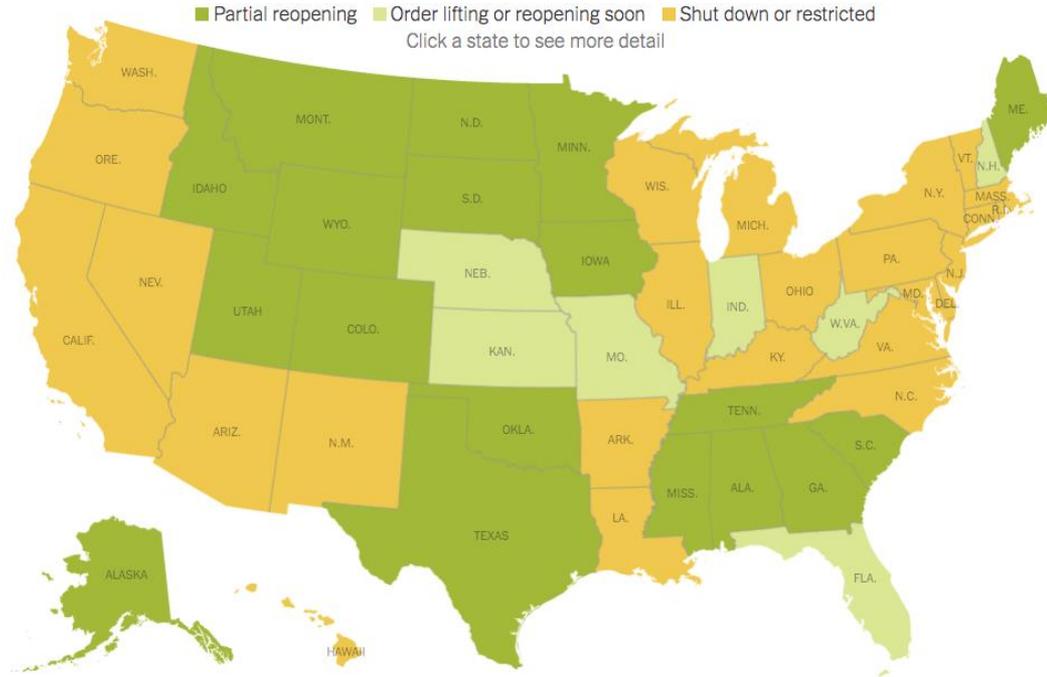
New jobless claims top 30 million during pandemic

Record layoffs from coronavirus harken back to Great Depression



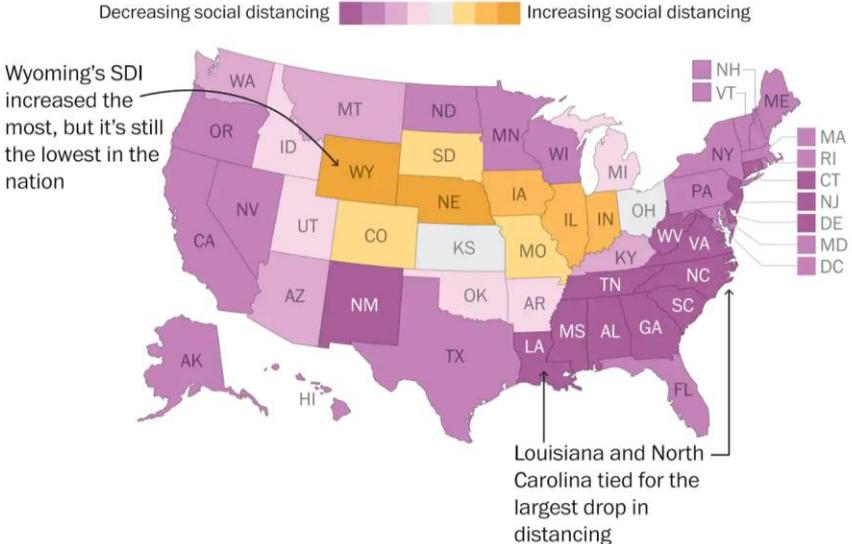
Source: Bureau of Labor Statistics

More than a dozen states will have begun to reopen their economies and public life, even though health experts have expressed concern that a premature opening could lead to a spike in coronavirus infections.



Cell phone tracking research find more Americans venturing out against coronavirus stay-at-home orders.

Change in social distancing index, April 10 to April 17



Source: University of Maryland

THE WASHINGTON POST

Most Americans are more concerned with moving too quickly rather than too slowly. Republicans considerably more likely than others to say we're moving too slowly to loosen stay-at-home restrictions.

If you had to choose, which of the following would you say is a bigger danger for the country:

■ All Americans ■ Democrats ■ Republicans ■ Independents

Moving too quickly to loosen stay-at-home orders
which would make the coronavirus spread faster,
with more lives being lost



Moving too slowly to loosen stay-at-home orders
which would make the economic impact worse,
with more jobs being lost



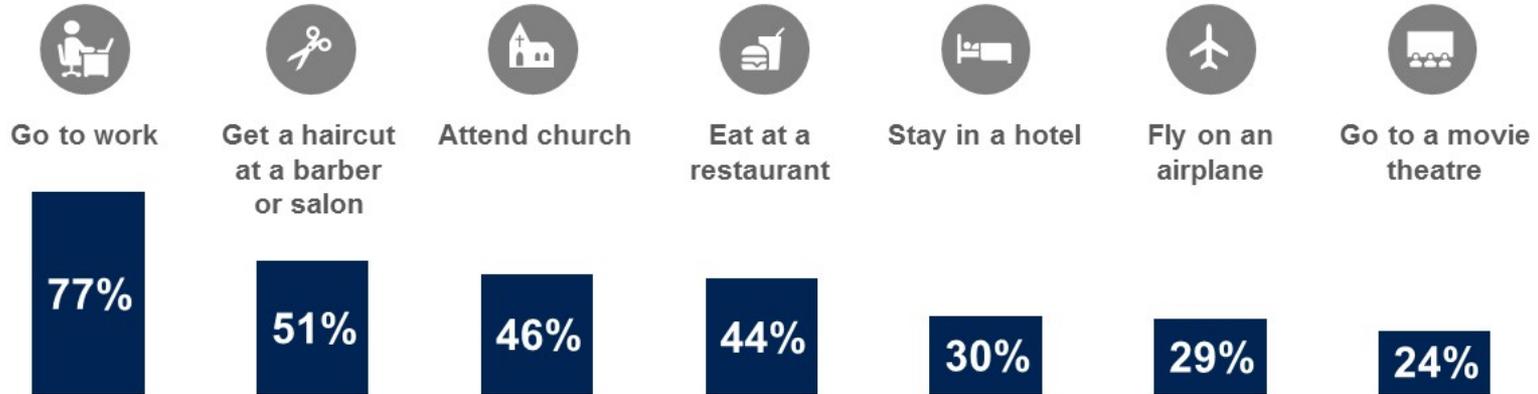
Q2. If you had to choose, which of the following would you say is a bigger danger for the country:
ABC News/Ipsos Poll, April 22-23, 2020 (n=506)



Most Americans are not ready to resume public activities. Many would go to work but are not ready to resume most activities even if restrictions were lifted tomorrow.

If social distancing orders and restrictions on public activity were lifted tomorrow, how likely would you be to do each of the following?

% *Very/Somewhat likely* among those who did activity pre-COVID-19



Q4. If social distancing orders and restrictions on public activity were lifted tomorrow, how likely would you be to do each of the following?

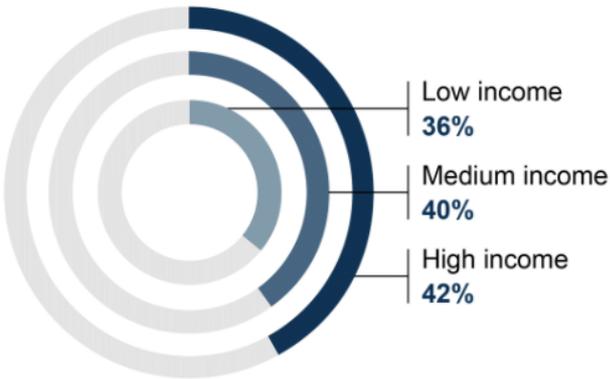
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High income households are more likely to want business to reopen even if COVID-19 isn't contained.

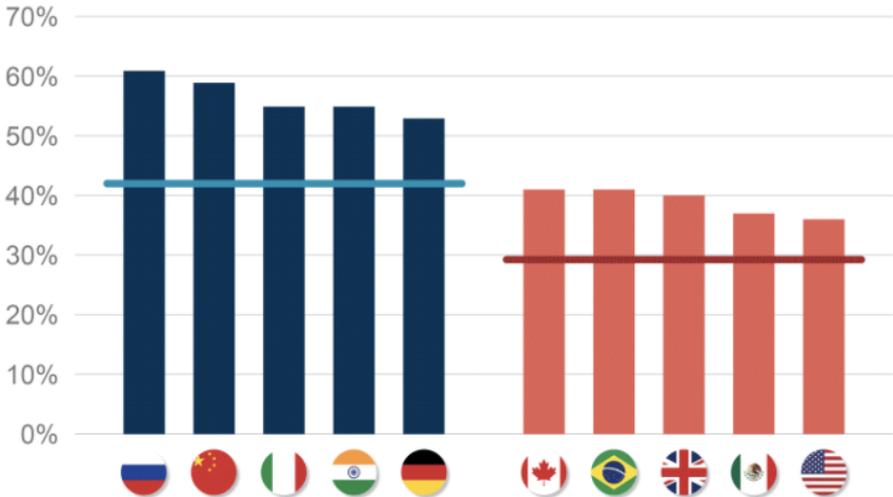
Two in 5 high income respondents want economy to reopen, compared to a third of low-income.

● Agree the economy and businesses should still reopen



● Agree — Agree avg. ● Disagree — Disagree avg.

Note: Avg. % of 14 countries



28,029 adults polled in 14 countries from April 16-19, 2020



Despite the division, there are signs of national unity in on protecting each other

89%

Agree: Americans have a responsibility to each other to take preventative measures to limit the spread of COVID-19.

86%

Agree: Americans who do not socially distance themselves from others are putting others at risk.

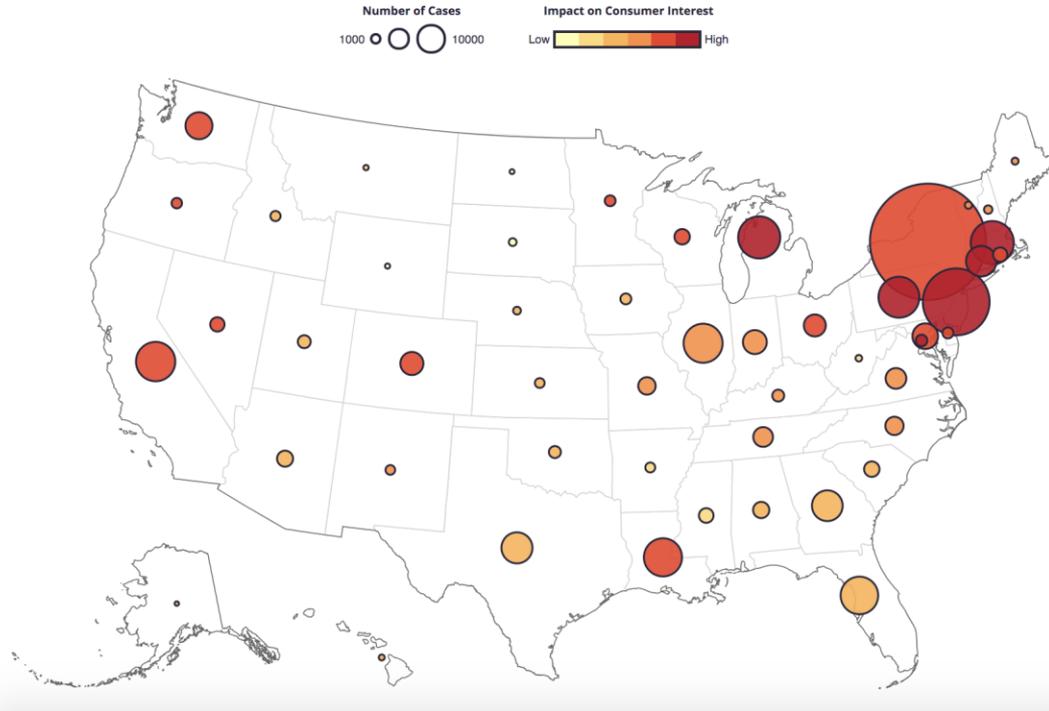
84%

Agree: The most patriotic thing we as Americans can do for our country right now, is to make a national sacrifice to stay home for the welfare of others.

The bigger the outbreak, the bigger the impact on business.

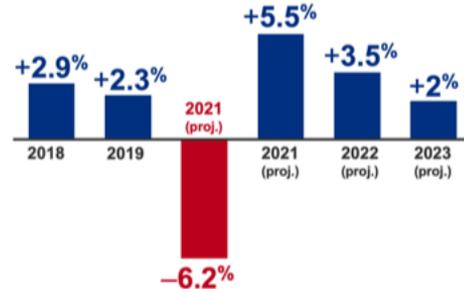
Northeast states have seen the biggest shifts as the pandemic devastates New York State and, to a lesser extent, neighboring states including New Jersey and Connecticut. Michigan, the site of the biggest Midwest outbreak, also has seen its economy transformed.

The Bigger the Outbreak, The Bigger the Impact on Business



Despite the current economic downturn, a rebound is projected and there is hope on the horizon for consumers.

U.S. Quarterly Real GDP Growth (proj.)
(Goldman Sachs, March 31 forecast)



<https://www.courthousenews.com/wp-content/uploads/2020/04/US-Economics-Analysis-3-31.pdf>

Annual Real GDP Growth
(IMF, April 14 forecast)

	2019	2020 (proj.)	2021 (proj.)
Worldwide	2.9%	-3.0%	5.8%
U.S.	2.3%	-5.9%	4.7%
China	6.1%	1.2%	9.2%
E.U.	1.2%	-7.5%	4.7%
U.K.	1.4%	-6.5%	4.0%
Brazil	1.1%	-5.3%	2.9%
Mexico	-0.1%	-6.6%	3.0%
Nigeria	2.2%	-3.4%	2.4%
S. Africa	0.2%	-5.8%	4.0%
India	4.2%	1.9%	7.4%
ASEAN-5	4.8%	-0.6%	7.8%

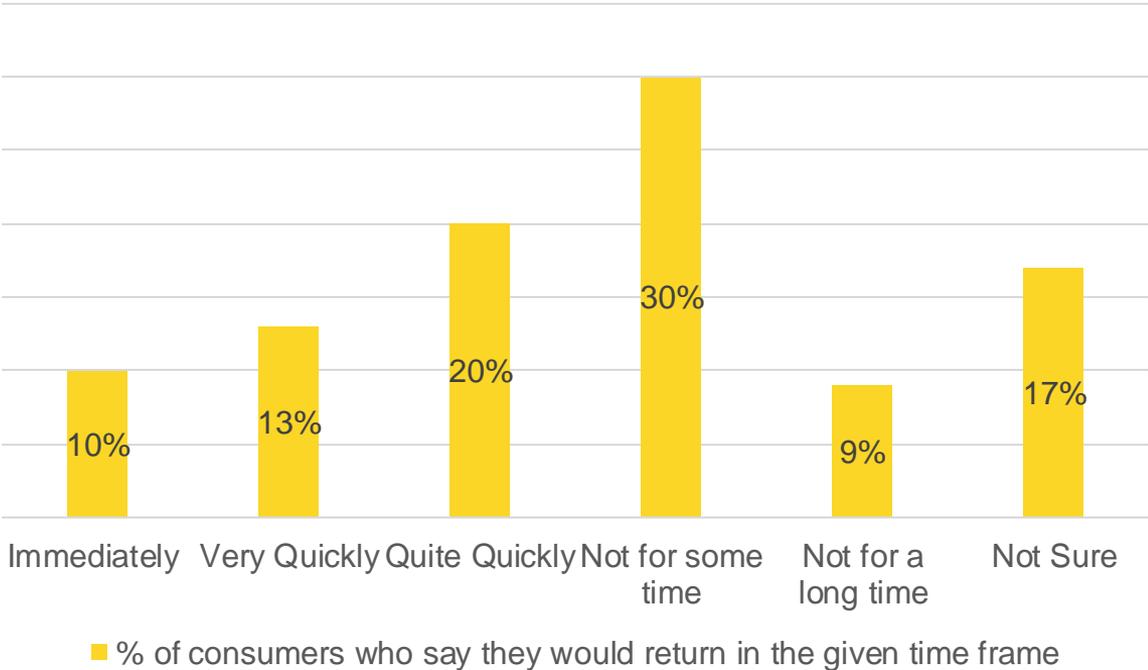
<https://blogs.imf.org/2020/04/14/the-great-lockdown-word-economic-downturn-since-the-great-depression/>

KANTAR

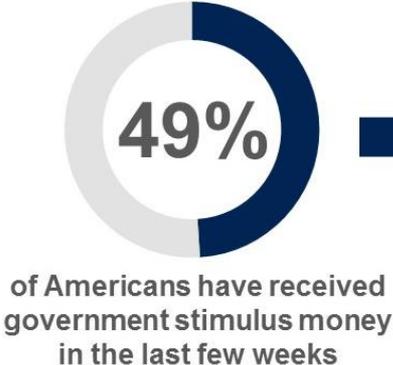
bit.ly/SignalingARecovery

Once restrictions ease, 43% of Americans stated they will return to shops immediately, very quickly or quite quickly, while 39% express that they will not be returning for some time or a long time.

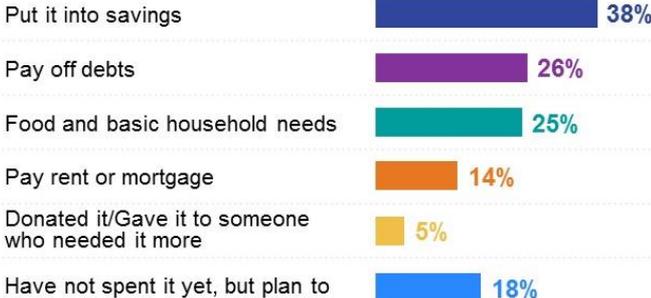
Rate of Returning to Shops



Stimulus money is not yet stimulating local economies as intended. Of the half of Americans that have received the stimulus money, 38% put it into savings.



How have you spent the stimulus money you received from the government? *(Select all that apply)*



Q4. Have you personally experienced the following in the last few weeks? Received stimulus money from the government
Q38. How have you spent the stimulus money you received from the government?

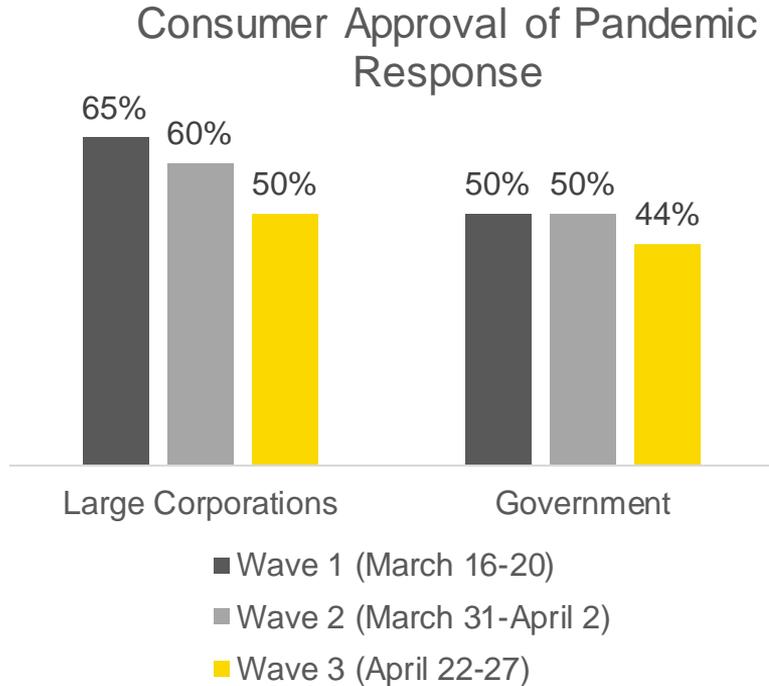
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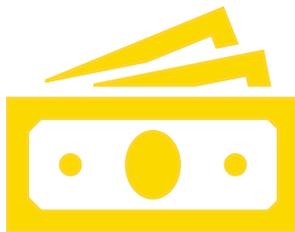
Consumer longing for escape and reprioritization of experiences over possessions is proving out in purchase categories coming out of the crisis: Nearly a third of US consumers site it as their priority, over clothing, cars and home appliances/furnishings.

Large Purchase Category	% of consumers who prioritize the purchase first
Vacations/ Trips	30%
Flights	11%
Clothes	9%
Car/ Vehicle	8%
Home Appliances / Devices	6%
Home Furnishings	6%
Personal Electronics	5%

Consumers are more approving of large corporations than other authorities, yet lingering skepticism means consumers are watching their actions closely.



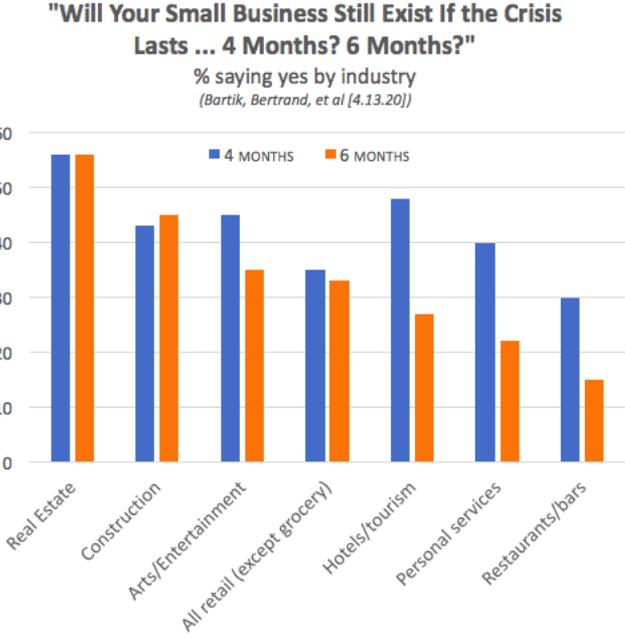
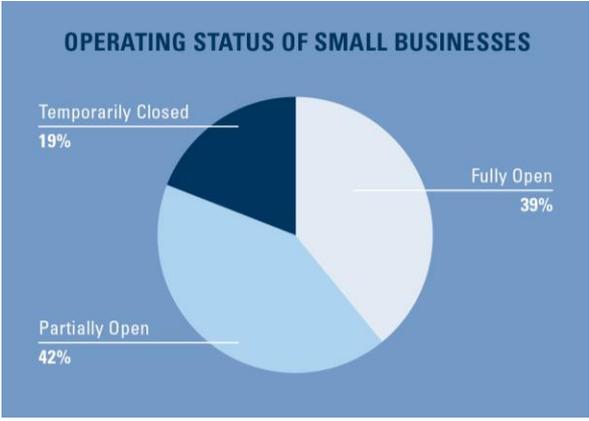
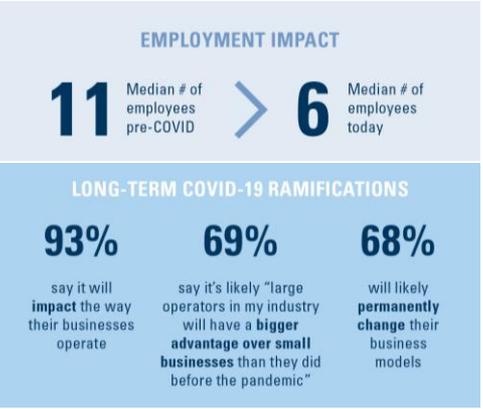
In the past month, large restaurant chains have taken 75% of the consumer dollars spent eating out as convenience trumps stated intentions to support small.



**In the past month, chains have taken
\$3 out of every \$4 spent eating out.**

That figure is significantly higher than average,
according to Datassential.

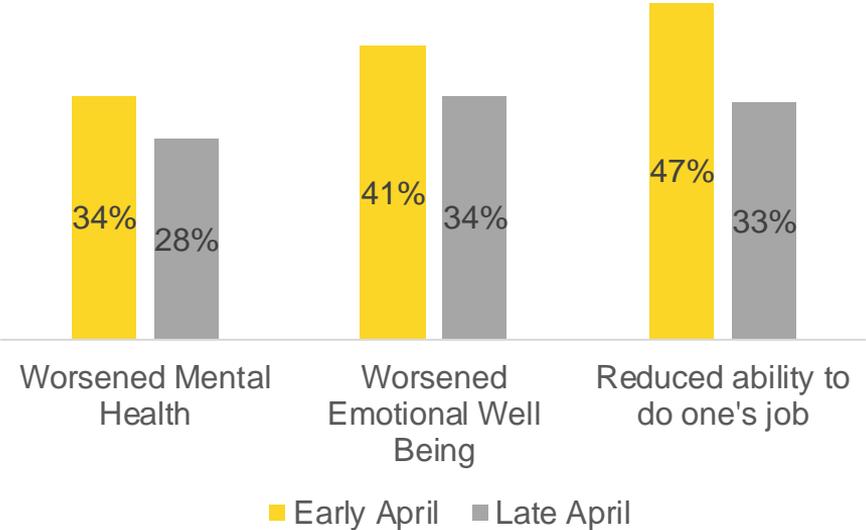
Despite federal stimulus and local efforts to support small businesses, those that remain open were forced to cut workforce by 37% and will face serious long-term ramifications.



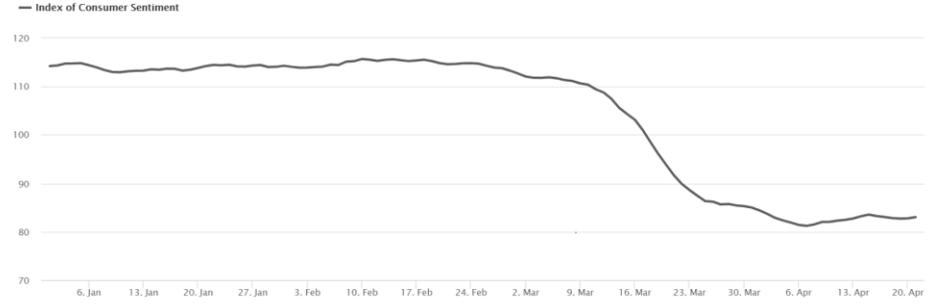
Source: Goldman Sachs survey 1,790 participants (54% w women) in the firm's 10,000 Small Businesses program, conducted by Babson College and David Binder Research April 20-21

Source: National Bureau of Economic Research survey 5,800 small businesses April 2020

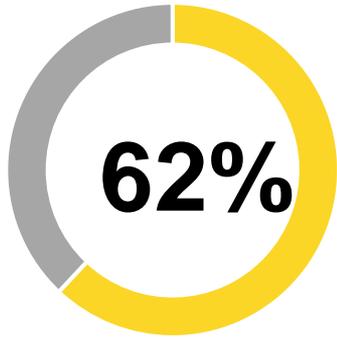
Americans are acclimating with fewer reporting negative impacts on their mental health, emotional well-being, and ability to do their jobs. Consumer sentiment also stabilized throughout April.



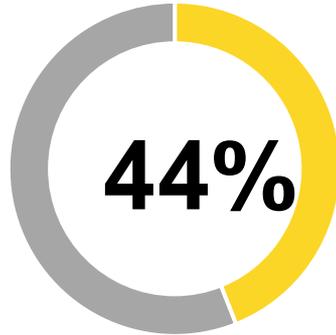
The Morning Consult Index of Consumer Sentiment



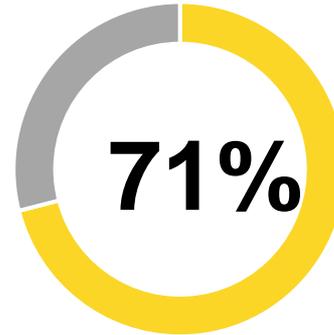
The American public is willing to do what it takes, including being willing to forgo personal data and privacy – to fight the pandemic.



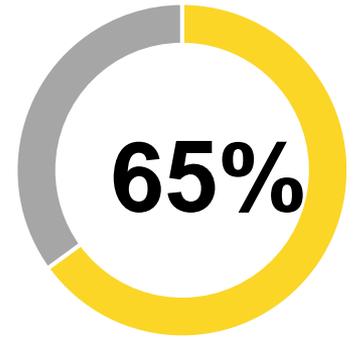
Say a C19 vaccine would be necessary to resume to normal activities like flying, going to the gym, etc.



Say they are very likely to get a C19 vaccine as soon as it's available



Are willing to share their own location data and receive alerts about possible exposure to the virus.



Favored some kind of database that would show if their neighbors tested positive for the virus.

Consumers are accepting new norms as masks make it mainstream. Rollouts from large fashion retailers and initial requirements from Jet Blue solidify a future prevalence of masks.

AdAge

J. Crew Sells Out of Face Masks in a Day

VOGUE

75 Cloth Masks To Shop Now



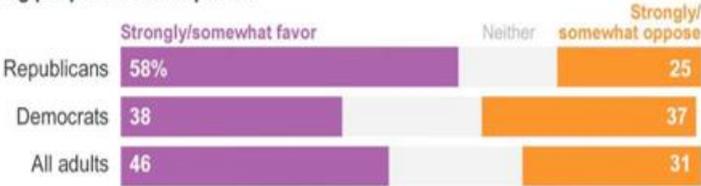
'The New Flying Etiquette': JetBlue Mandates Face Masks For All Passengers

MADEWELL MASKS

Stay safe with these non-medical antimicrobial options.

Long standing restrictions are also being changed as over half of US adults are in favor of allowing people to vote by mail-in ballot for the November presidential election. Almost half are in favor of mail-in ballots as the only option.

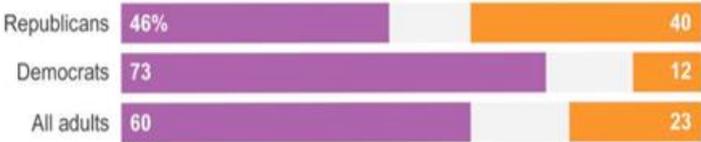
Allowing people to vote in-person



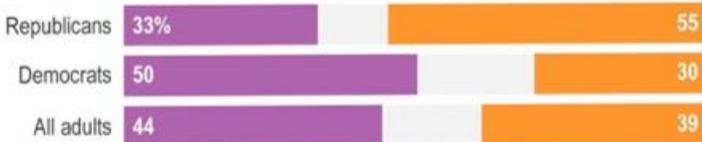
Conducting elections using only voting by mail-in ballot and not having any voting in-person



Allowing people to vote by mail-in ballot instead of in-person without requiring them to give a reason



Allowing people to vote entirely online by submitting their ballot through a website



Source: AP-NORC Center of Public Affairs Research conducted April 16-20; N= 1,057 US Adults

Consumers are streaming more TV, listening to Spotify at home, and gradually getting back into podcasts.

- Streaming TV has seen a **2x increase** in total streaming minutes across all platforms but are expected to return to previous levels after restrictions are released.
- Spotify is seeing significant growth, with revenues climbing 22% in Q1 and **31% increase in global premium subscribers**. Many are listening on in-home devices, with TVs and gaming consoles showing the most increases.
- Podcast use is recovering somewhat, **up 4% in downloads** this week after declining earlier in the pandemic.

Advertising spend is increasing week over week for direct television in categories hit hardest from shelter-in-place restrictions (entertainment, transportation, and beauty).

Entertainment Venues			Transportation (Sales and Repair)			Beauty, Hygiene & Personal Care			Electronics & Software		
	Spend (000)	%WoW		Spend (000)	%WoW		Spend (000)	%WoW		Spend (000)	%WoW
Total	\$158	+1194%	Total	\$3,234	+41%	Total	\$10,946	+17%	Total	\$17,427	+4%
Treasure Island	\$88	N/A	Carvana	\$2,122	+14%	Dove Beauty	\$1,295	N/A	Samsung Galaxy	\$3,674	-23%
WNBA	\$68	N/A	DriveTime	\$647	+850%	Flawless Brows	\$844	+63%	Portal from Facebook	\$1,932	N/A
Livestock Auction	\$1	N/A	Endurance Insurance	\$134	+19%	Hempvana HydroClean	\$758	+31%	Consumer Cellular	\$1,562	-27%

Source: DR Metrix

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